

Message Text

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ACTION AF-10

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TO SECSTATE WASHDC 1134

C O N F I D E N T I A L DJIBOUTI 1138

STADIS////////////////////////////////

C O R E C T E D C O P Y (TEXT PARA 6)

FOR AF: MOOSE AND S/P: LAKE

E.O. 11652: GDS
TAGS: ECON
SUBJ: FOREIGN ECONOMIC POLICY TOWARD AFRICA

REF: STATE 164983

1. ON OVERALL ISSUES OF ECONOMIC POLICY TOWARD AFRICA, THE DISCUSSION PAPER (REFTEL) APPEARS TO COVER AN AMBITIOUS AREA OF LEGITIMATE AFRICAN CONTINENTAL NEEDS. HOWEVER, WHEN VIEWED FROM THE NARROW PERSPECTIVE OF DJIBOUTI, IT IS HARD TO BELIEVE THAT WE ARE ON THE SAME PLANET.

2. DJIBOUTI HAS ONLY ONE INTRINSIC NATIONAL ASSET; ITS GEOGRAPHIC LOCATION. HOPEFULLY, THE POLITICAL SITUATION IN THE HORN OF AFRICA WILL PERMIT DJIBOUTI TO DEVELOP AND REINFORCE THE RANGE OF AIRLINE, SHIPPING AND RELATED SERVICE INDUSTRIES WHICH COULD BE JUSTIFIED BY THE FACT THAT IT IS AN ECONOMICALLY LIBERAL COUNTRY ASTRIDE A NUMBER OF ESSENTIAL COMMUNICATIONS ROUTES.

3. DESPITE THE FACT THAT DJIBOUTI'S ECONOMIC REASON FOR
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BEING UP TO PRESENT WAS ITS SPECIAL TRADING RELATIONSHIP WITH ETHIOPIA, THERE ARE FEW OPTIONS OPEN TO THIS COUNTRY IN TERMS OF REGIONAL ECONOMIC ARRANGEMENTS. THE POLITICAL IMPERATIVES OF THE HORN OF AFRICA WILL CERTAINLY TAKE PRECEDENCE IN THE SHORT AND MEDIUM TERM. FOR THAT REASON, PARA FOUR OF REF STATEMENT APPEARS TO HAVE LITTLE RELEVANCE TO DJIBOUTI. DJIBOUTI IS ASSUREDLY A "MINI-STATE" AND A

"MIMI-MARKET," BUT THERE ARE NO REGIONAL SOLUTIONS AVAILABLE. FOR DJIBOUTI, AS FOR MOST AFRICAN STATES, THE SINGLE MOST IMPORTANT FACTOR RELATING TO ITS SUCCESS IN FACING ECONOMIC ISSUES IS THAT OF PEACE.

4. WE BELIEVE THAT THE MOST FRUITFUL LINES OF APPROACH FOR RESOLVING ECONOMIC DEVELOPMENT PROBLEMS IN DJIBOUTI ARE TO CONCENTRATE ON THEIMPROVEMENT OF DJIBOUTIAN SKILLS IN SUCH DIVERSE AREAS AS MANAGEMENT AND GARDENING, ELECTROMECHANICS AND HYDROLOGY. THIS COUNTRY CAME TO INDEPENDENCE IN JUNE 1977, APPROXIMATELY 18 YEARS AFTER MOST OTHER AFRICAN FRANCOPHONE STATES ACHIEVED SOVEREIGNTY. THE TIME LAG IS APPARENT IN EVERY SECTOR OF DJIBOUTI. DJIBOUTI WAS NEVER CONSIDERED TO BE A LIKELY INDEPENDENT ENTITY (THE SAME ATTITUDE PREVAILED IN MOST FRANCOPHONE STATES IN THE LATE 1950'S) AND FOR THAT REASON, THE COUNTRY LACKS ANY COMPREHENSIVE SURVEYS IN EVEN THE EASIEST AREAS (WATER, SOILS, MINERALS), AND NO DOMESTIC MANPOWER ABLE TO MAKE SUCH STUDIES OR CARRY OUT PLANNING ON THE BASIS OF SUCH INFORMATION. AT THE SAME TIME THAT DJIBOUTI SUFFERS FROM ITS SPECIAL SPACE WARP, IT IS CAUGHT UP IN A PECULIAR RAGS TO RICHES DELIMMA. MOST ESSENTIAL SERVICES AND NATIONAL DEFENSE ARE MAINTAINED BY THE FORMER COLONIAL POWER. FRANCE REPORTEDLY SPENDS DOLS 200 MILLION ANNUALLY TO KEEP THE SHOP GOING (DLS 65 MILLION DIRECTLY TO GROD) AND THE REMAINDER TO KEEP APPROXIMATELY 4500 FRENCH MILITARY ON THE GROUND HERE. CONFIDENTIAL

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IT IS PRETTY OBVIOUS THAT FRANCE WOULD BE PLEASED TO SEE THIS HEAVY OBLIGATION DIMINISH, AND WE SEE THAT THE 300 OR SO COOPERATION PERSONNEL IN DJIBOUTI ARE UNDER SEVERE CONSTRAINTS NOT TO INCREASE FRENCH EXPOSURE IN DJIBOUTI. RESULT: THE MINISTRIES ANSWER THEIR MAIL, BUT THERE ARE NO INNOVATIVE IDEAS. ON THE OTHER HAND, DJIBOUTI RECEIVES LARGESS FROM ITS NEW-FOUND FRIENDS IN THE ARAB LEAGUE (SAUDI ARABIA, \$70 MILLION; IRAQ, DLS 5 MILLION, THE OMANIS AND KUWAITIS ARE ALSO RADY). HOWEVER, ALL OF THESE COUNTRIES IMPORT EXPERTISE FOR THEMSELVES AND ARE UNREADY TO PROVIDE THE KIND OF LEADERSHIP NECESSARY TO STIMULATE MEANINGFUL CHANGE IN DJIBOUTI.

5. IT IS AT THIS POINT THAT I SEE A ROLE FOR THE U.S. SINCE OUR ARRIVAL HERE, IT HAS BEEN APPARENT THAT DJIBOUTI NEEDS THE SAME KINDS OF INSTITUTIONAL FORMATION ASSISTANCE THAT WE PROVIDED OTHER AFRICAN STATES IN THE EARLY 1960'S. IN ORDER TO MAKE OUR P.L. 480 ASSISTANCE PROGRAM (MOSTLY FOR REFUGEES FROM ETHIOPIA) WORK, WE WERE OBLIGED TO ASSIST IN THE CREATION OF A DJIBOUTI GOVERNMENT OGRANISM TO HANDLE COMMODITIES. ALTHOUGH THIS IS A VERY SMALL EMBASSY INDEED (1FSO, 1FSR, 1AID, 1 FSS), WE HAVE BEEN ACTIVE IN THE CREATION OF A MORE EFFECTIVE MANAGERIAL ETHIC IN

IN LOCAL ADMINISTRATION FINISHED IN THIS REA THAT OUR VARIOUS MODEST AID PROJECT PLANNING HAS CONCENTRATED. A PROJECT TEAM IS CURRENTLY IN DJIBOUTI TO DEVELOP A PROJECT FOR WATER AND SOIL STUDIES AND ASSISTANCE TO GARDENING. WE WILL SOON PRESENT A PROJECT PLAN FOR A VOCATIONAL TRAINING PROGRAM. A FISHERIES PROJECT IS ALSO ENVISAGED. WE HAVE NOT QUITE REACHED THE PRICING STAGE OF THESE PROJECTS, BUT WE SUSPECT THAT SOME OF THE CAPITAL COSTS CAN BE COVERED BY THE SAUDIS WHILE WE PROVIDE THE EXPERTISE. WHILE WE SHOULD NOT NECESSARILY WISH TO TAKE MORE THAN AN IMPORTANT SECONDARY ROLE IN DJIBOUTI DEVELOPMENT, WE HAVE CERTAIN EXPERTISE THAT OTHER COUNTRIES AND ORGANIZATIONS DO NOT HAVE.

6. A FINAL POINT. DJIBOUTI HAS A PECULIAR SET OF
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ECONOMIC AND POLITICAL PROBLEMS. HOWEVER, THE MINI-STATE PHENOMENON IS INCREASINGLY COMMON IN THE WORLD. WE SUSPECT THAT PROJECTS IN THOSE MINI-STATES WILL NOT BE AS ECONOMICALLY VIABLE AND COST-EFFICIENT AS IN MOST OTHER COUNTRIES. POLITICAL PROBLEMS MAY PREVENT REGIONAL SOLUTIONS. WE SUGGEST THAT A SPECIAL SMALL STATE SUB-CATEGORY BE CREATED IN ORDER THAT THESE PARTICULARLY VULNERABLE LITTLE ENTERPRISES NOT BE FORGOTTEN.

7. A MORE DETAILED DISCUSSION OF OUR ASSISTANCE PROGRAM PROBLEMS AND PLANS IN DJIBOUTI IS BEING SENT VIA OFFICIAL/ INFORMAL CHANNELS TO MR. MOOSE.
CLARKE

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NNN

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